

109TH CONGRESS
1ST SESSION

H. R. 4058

To amend the Internal Revenue Code of 1986 to modify the construction contract exception to the percentage of completion method for determining income under long-term contracts.

IN THE HOUSE OF REPRESENTATIVES

OCTOBER 17, 2005

Mr. WELLER introduced the following bill; which was referred to the
Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 to modify the construction contract exception to the percentage of completion method for determining income under long-term contracts.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. MODIFICATIONS OF CONSTRUCTION CON-**
4 **TRACT EXCEPTION TO PERCENTAGE OF COM-**
5 **PLETION METHOD FOR DETERMINING IN-**
6 **COME UNDER LONG-TERM CONTRACTS.**

7 (a) EXTENSION OF COMPLETION PERIOD.—Clause
8 (i) of section 460(e)(1)(B) of the Internal Revenue Code

1 of 1986 (relating to general exception for certain construc-
2 tion contracts) is amended by striking “2-year” and in-
3 serting “3-year”.

4 (b) INCREASE IN SIZE OF BUSINESS.—Clause (ii) of
5 section 460(e)(1)(B) of such Code is amended by striking
6 “\$10,000,000” and inserting “\$25,000,000”.

7 (c) EFFECTIVE DATE.—The amendments made by
8 this section shall apply to contracts entered into on or
9 after the date of the enactment of this Act.

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